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TOBACCO SETTLEMENT DISPUTE WILL STAY IN NORTH DAKOTA

BISMARCK - A lawsuit by North Dakota Attorney General Wayne Stenehjem against tobacco companies over millions in unpaid settlement dollars will be decided by a North Dakota court.

In motions filed last month, tobacco companies Phillip Morris, Inc., R.J. Reynolds Company, Lorillard Tobacco Company, along with several smaller companies, argued that a national arbitration panel, rather than the North Dakota District Court, should decide whether North Dakota officials diligently enforced state laws related to the settlement payments. Cass County District Judge Steven Marquart disagreed, ruling that the Master Settlement Agreement, signed in 1998 by North Dakota and 51 other states and territories, requires that the issue of diligent enforcement be decided under North Dakota law, by a North Dakota Court.

"Today's ruling by the District Court is a very important step in receiving payment the tobacco companies legally owe to the state, but have refused to pay," said Attorney General Stenehjem. "The tobacco companies mischaracterized the issues in this case. They argued for a lengthy and laborious arbitration process that would have required an accounting firm, rather than a North Dakota court, to apply North Dakota law. The arbitration process would have unnecessarily delayed payments for many years. The District Court, in a careful, well-reasoned decision, applied the plain language of the settlement agreement and correctly decided that diligent enforcement must be decided here in North Dakota."

Judge Marquart's decision requires the tobacco companies to respond to Stenehjem's diligent enforcement arguments within 30 days. Said Stenehjem: "North Dakota has submitted extensive evidence showing that it went above and beyond what is required for diligent enforcement of our statutes, and the tobacco companies lack a credible argument to the contrary. The ruling today paves the way for a timely resolution of this case and payment of the money that the tobacco companies clearly owe North Dakota and the other states."

Arguing the case for the state of North Dakota was Assistant Attorney General Todd Sattler, who said, "We are happy with the result here. The tobacco companies' arguments regarding arbitration simply were not consistent with the expectations of the parties and the plain language of the settlement agreement in this case. We look forward now to a final decision on the merits and prompt payment of the entire settlement amount to the State."